TIME WARNER TELECOM INC.

NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS - continued

TIME WARNER TELECOM INC.
CONDENSED CONSOLIDATING BALANCE SHEET
December 31, 2004

	Parent Guarantor	Issuer	Combined Subsidiary Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 152	130,661	(761)	—	130,052
Investments	23,834	278,620	—	—	302,454
Receivables, net	—	66	45,491	—	45,557
Prepaid expenses and other current assets	2,828	7,765	2,495	—	13,088
Deferred income taxes	5,685	6,825	—	—	12,510
Total current assets	32,499	423,937	47,225	—	503,661
Property, plant and equipment, net	—	46,497	1,256,595	—	1,303,092
Deferred income taxes	14,642	31,625	—	—	46,267
Goodwill	—	—	26,773	—	26,773
Other assets, net of accumulated amortization	11,478	13,181	1,136	—	25,795
Total assets	$ 58,619	515,240	1,331,729	—	1,905,588
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Accounts payable	$ —	1,891	40,613	—	42,504
Other current liabilities	35,241	44,481	159,514	—	239,236
Intercompany payable (receivable)	(1,886,573)	29,672	1,856,901	—	—
Total current liabilities	(1,851,332)	76,044	2,057,028	—	281,740
Losses in subsidiary in excess of investment	742,793	345,438	—	(1,088,231)	—
Long-term debt and capital lease obligations	800,000	440,915	8,282	—	1,249,197
Other long-term liabilities	—	—	7,493	—	7,493
Stockholders' equity (deficit)	367,158	(347,157)	(741,074)	1,088,231	367,158
Total liabilities and stockholders' equity (deficit)	$ 58,619	515,240	1,331,729	—	1,905,588

TIME WARNER TELECOM INC.

NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS - continued

TIME WARNER TELECOM INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Three Months Ended March 31, 2005

	Parent Guarantor	Issuer	Combined Subsidiary Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
Total revenue	$ —	—	171,574	—	171,574
Costs and expenses:					
Operating, selling, general and administrative	—	34,954	76,632	—	111,586
Depreciation, amortization and accretion	—	5,969	52,037	—	58,006
Corporate expense allocation	—	(40,923)	40,923	—	—
Total costs and expenses	—	—	169,592	—	169,592
Operating income	—	—	1,982	—	1,982
Interest expense, net	(27,853)	(7,275)	(1,948)	—	(37,076)
Interest expense allocation	27,853	7,275	(35,128)	—	—
Loss before income taxes and equity in undistributed losses of subsidiaries	—	—	(35,094)	—	(35,094)
Income tax expense	75	—	—	—	75
Net loss before equity in undistributed losses of subsidiaries	(75)	—	(35,094)	—	(35,169)
Equity in undistributed losses of subsidiaries	(35,094)	(15,592)	—	50,686	—
Net loss	$(35,169)	(15,592)	(35,094)	50,686	(35,169)

TIME WARNER TELECOM INC.

NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS - continued

TIME WARNER TELECOM INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Three Months Ended March 31, 2004

	Parent Guarantor	Issuer	Combined Subsidiary Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
Total revenue	$ —	—	161,649	—	161,649
Costs and expenses:					
Operating, selling, general and administrative	—	32,343	77,286	—	109,629
Depreciation, amortization and accretion	—	7,494	49,319	—	56,813
Corporate expense allocation	—	(39,837)	39,837	—	
Total costs and expenses	—	—	166,442	—	166,442
Operating loss	—	—	(4,793)	—	(4,793)
Interest expense, net	(20,392)	(12,645)	(1,466)	—	(34,503)
Interest expense allocation	19,702	12,645	(32,347)	—	
Investment losses, net	690		—	—	690
Income (loss) before income taxes and equity in undistributed losses of subsidiaries	—	—	(38,606)	—	(38,606)
Income tax expense	—	225	—	—	225
Net loss before equity in undistributed losses of subsidiaries and cumulative effect of change in accounting principle	—	(225)	(38,606)	—	(38,831)
Equity in undistributed losses of subsidiaries	(38,831)	(16,874)	—	55,705	—
Net loss	$(38,831)	(17,099)	(38,606)	55,705	(38,831)

TIME WARNER TELECOM INC.

NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS - continued

TIME WARNER TELECOM INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Quarter Ended March 31, 2005

	Parent Guarantor	Issuer	Combined Subsidiary Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
Cash flows from operating activities:					
Net loss	$ (35,169)	(15,592)	$ (35,094)	$ 50,686	(35,169)
Adjustments to reconcile net loss to net cash provided by operating activities:					
Depreciation, amortization, and accretion	—	5,896	52,110	—	58,006
Intercompany change	221,390	(246,387)	75,683	(50,686)	—
Deferred debt issue and extinguishment costs	9,145	554	—	—	9,699
Stock based compensation	—	—	198	—	198
Changes in operating assets and liabilities	10,419	4,506	(60,932)	—	(46,007)
Net cash (used in) provided by operating activities	205,785	(251,023)	31,965	—	(13,273)
Cash flows from investing activities:					
Capital expenditures	—	(3,073)	(34,737)	—	(37,810)
Purchases of investments	(8,931)	—	—	—	(8,931)
Proceeds from maturities of investments	23,900	163,500	—	—	187,400
Other investing activities	—	—	143	—	143
Net cash provided by (used in) investing activities	14,969	160,427	(34,594)	—	140,802
Cash flows from financing activities:					
Net proceeds from issuance of debt	—	196,778	—	—	196,778
Repayment of debt	(206,500)	—	—	—	(206,500)
Net proceeds from issuance of common stock upon exercise of stock options	424	—	—	—	424
Net proceeds from issuance of common stock in connection with the employee stock purchase plan	338	—	—	—	338
Payment of capital lease obligations	—	(207)	(196)	—	(403)
Net cash provided by (used in) financing activities	(205,738)	196,571	(196)	—	(9,363)
Increase (Decrease) in cash and cash equivalents	15,016	105,975	(2,825)	—	118,166
Cash and cash equivalents at beginning of year	152	130,661	(761)	—	130,052
Cash and cash equivalents at end of year	$ 15,168	236,636	(3,586)	—	248,218

TIME WARNER TELECOM INC.

NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS - continued

TIME WARNER TELECOM INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Three Months Ended March 31, 2004

	Parent Guarantor	Issuer	Combined *Subsidiary* Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
Cash flows from operating activities:					
Net loss	$(38,831)	(17,099)	(38,606)	55,705	(38,831)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation, amortization, and accretion	—	7,494	49,319	—	56,813
Intercompany change	54,897	(24,405)	25,213	(55,705)	—
Amortization of deferred debt issue costs	546	8,891	—	—	9,437
Investment gains, net	(690)	—	—	—	(690)
Stock based compensation	—	—	293	—	293
Changes in operating assets and liabilities	(17,728)	(7,098)	(10,154)	—	(34,980)
Net cash provided by (used in) operating activities	(1,806)	(32,217)	26,065	—	(7,958)
Cash flows from investing activities:					
Capital expenditures	—	(1,976)	(27,074)	—	(29,050)
Purchases of investments	(8,992)	(75,897)	—	—	(84,889)
Proceeds from maturities of investments	9,200	57,785	—	—	66,985
Other investing activities	726	—	659	—	1,385
Net cash provided by (used in) investing activities	934	(20,088)	(26,415)	—	(45,569)
Cash flows from financing activities:					
Net proceeds from issuance of debt	—	426,443	—	—	426,443
Repayment of debt	—	(396,000)	—	—	(396,000)
Net proceeds from issuance of common stock upon exercise of stock options	594	—	—	—	594
Net proceeds from issuance of common stock in connection with the employee stock purchase plan	555	—	—	—	555
Payment of capital lease obligations	—	(193)	(315)	—	(508)
Net cash provided by (used in) financing activities	1,149	30,250	(315)	—	31,084
Increase (Decrease) in cash and cash equivalents	277	(22,055)	(665)	—	(22,443)
Cash and cash equivalents at beginning of period	10,959	342,216	(143)	—	353,032
Cash and cash equivalents at end of period	$ 11,236	320,161	(808)	—	330,589

TIME WARNER TELECOM INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information concerning the results of operations and financial condition of Time Warner Telecom Inc. and should be read in conjunction with the accompanying financial statements and notes thereto. Additionally, the following discussion and analysis should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements included in Part II of our Annual Report on Form 10-K for the year ended December 31, 2004.

Cautions Concerning Forward Looking Statements

This document contains certain "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding, among other items, our expected financial position, expected capital expenditures, expected revenue mix, Modified EBITDA trends, expected network expansion, business, and financing plans. These forward-looking statements are based on management's current expectations and are naturally subject to risks, uncertainties, and changes in circumstances, certain of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements.

The words "believe," "plan," "target," "expect," "intend," and "anticipate," and expressions of similar substance identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that those expectations will prove to be correct. Important factors that could cause actual results to differ materially from the expectations described in this report are set forth under "Risk Factors" in Item 1 and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2004 and elsewhere in this report. In addition, actual results may differ from our expectations due to increased customer churn, inability to obtain rights to build networks into commercial buildings, delays in launching new products, decreased demand for our existing products, further declines in the prices of our products due to competitive pressures, increases in the price we pay for use of Incumbent Local Exchange Carriers, or "ILECs", facilities due to consolidation in the industry or further deregulation and adverse regulatory rulings or legislative developments. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

We are a leading provider of managed network solutions to a wide array of business customers and organizations throughout the United States. We deliver data, dedicated Internet access, and local and long distance voice services to our customers, which include, among others, telecommunications-intensive businesses, long distance carriers, Internet service providers, wireless communications companies, incumbent local exchange carriers, competitive local exchange carriers, and enterprise organizations such as health care, finance, higher education, manufacturing, hospitality, state, local and federal government entities. We operate in 44 metropolitan markets that have high concentrations of medium- and large-sized businesses.

We have two classes of common stock outstanding, Class A common stock and Class B common stock. Holders of Class A common stock have one vote per share and holders of Class B common stock have ten votes per share. Each share of Class B common stock is convertible, at the option of the holder, into one share of Class A common stock. The Class B common stock is collectively owned by subsidiaries of Time Warner Inc. and Advance Telecom Holdings Corporation and Newhouse Telecom Holdings Corporation, collectively, the "Class B Stockholders". Holders of Class A common stock and Class B common stock generally vote together as a single class. However, some matters require the approval of 100% of the holders of the Class B common stock, voting separately as a class, and some matters require the approval of a majority of the holders of the Class A common stock, voting separately as a class. As of March 31, 2005, the Class B Stockholders had approximately 93% of the combined voting power of the outstanding common stock.

TIME WARNER TELECOM INC.

As of March 31, 2005, our networks spanned 19,850 route miles and contained 928,692 fiber miles. We offered service to 5,281 buildings served entirely by our facilities (on-net) and 14,576 buildings through the use of another carrier's facilities to provide a portion of the link (off-net). We continue to expand our footprint within our existing markets by expanding our network into new buildings. We have also expanded our IP backbone data networking capability between markets supporting end-to-end Ethernet connections for customers and have also selectively interconnected existing service areas within regional clusters with fiber optic facilities that we own or lease. In addition, we provide on-net inter-city switched services that provide customers the ability to offer a virtual presence in a remote city.

The key elements of our business strategy include:

- Leveraging our extensive local fiber and IP long haul networks to increase customer and building penetration in our existing markets and thereby grow revenue from our existing investment;
- Increasing revenue growth from new and expanded service offerings, including high-speed, high-quality data networking services such as local area networks, or LAN, native LAN, which are networks that do not require protocol conversion, and IP based services, security, IP based voice applications, virtual private networks, managed services and developing future service applications to enhance our customers' voice and data networking ability. Revenue from data and Internet services for the three months ended March 31, 2005, grew 29% compared to the same period in 2004. We expect an increasing portion of our future revenue to be contributed by data and Internet services;
- Continuing to diversify our customer base and increasing revenue from enterprise customers, including businesses and local and federal governments;
- Selectively interconnecting our service areas within regional clusters with owned or leased fiber facilities in order to increase our revenue potential and to address our customers' regional long distance, voice, data, and video requirements; and
- Continuing our disciplined approach to capital and operating expenditures in order to increase network reach to new customers, improve operational efficiencies and preserve our liquidity.

Revenue and Expense Trends

Our revenue is derived primarily from business communications services, including dedicated transport, local switched, long distance, data, and high-speed Internet access services. Our customer revenue mix by quarter in 2004 and 2005 breaks down as follows:

	For the Three Months Ended				
	2004				2005
	March 31,	June 30,	September 30,	December 31,	March 31,
	(dollars in millions)				
Enterprise / End Users	$ 78.9	81.6	83.9	88.9	91.4
Carrier	66.2	66.1	63.8	66.0	67.1
Related Parties	5.6	5.1	4.6	4.6	4.3
Intercarrier Compensation	10.9	10.0	8.3	8.5	8.8
Total Revenue	$ 161.6	162.8	160.6	168.0	171.6

TIME WARNER TELECOM INC.

Enterprise Customer Revenue

Revenue from enterprise customers has been increasing primarily through sales of our data and Internet products such as Ethernet and IP-based product bundling as well as network expansion. Enterprise revenue represented 53% of our total revenue in the first quarter of 2005 as compared to 49% for the same period in 2004. We expect a growing percentage of our revenue will come from our enterprise customer base as we expand the customer base for our existing products and offer additional data and Internet products and services that will be available in conjunction with the Ethernet and IP services our customers are buying from us today. Our ability to increase the rate of revenue growth from enterprise customers will in part depend upon the success of new initiatives we have implemented to improve customer retention and the success of new product offerings targeted at enterprise customers.

Carrier Customer Revenue

Revenue from carrier customers which had been declining over the past two years, has been more stable in the recent quarters. Carrier revenue represented 39% of our total revenue in the first quarter of 2005 as compared to 40% for the same period in 2004. We continue to experience service disconnections from carriers and Internet Service Providers, or ISP's, and expect an increase in disconnections related to wireless industry consolidation. In some cases we are re-pricing our existing carrier services in order to obtain extensions of existing contracts. This has created downward pressure on revenue growth from this customer base.

Related Party Revenue

We provide dedicated transport services, switched services and data and Internet services to affiliates of our Class B Stockholders including Time Warner Cable, Time Inc. and Bright House Networks, LLC. Sales transactions with affiliates are in the normal course of business and are negotiated between us and the operating units of our affiliates on a basis that we believe result in reasonable arm's-length terms. Related party revenue declined slightly in the first quarter of 2005 as compared to the same quarter last year, due to the transfer of services from our transport network to networks owned by certain affiliates of Time Warner Inc. Revenue from related parties represented approximately 3% of our total revenue in the first three months of 2005 and 2004. Related party revenue is disclosed in Note 1 to "Statements of Operations Data" in Results of Operations. We expect that revenue from some affiliates of Time Warner Inc. will decline in the future as they use more of their own network facilities.

Intercarrier Compensation

Intercarrier compensation revenue consists of reciprocal compensation and switched access. Reciprocal compensation represents compensation from a Local Exchange Carrier, or LEC, for local exchange traffic originated on their facilities and terminated on our facilities. Reciprocal compensation rates are established by interconnection agreements between the parties based on federal and state regulatory and judicial rulings. A 2001 Federal Communications Commission, or FCC, ruling reduced rates over a three-year period and capped the number of minutes for which ISP-bound traffic can be compensated. As a result, and because of reduced traffic terminating to our ISP customers, we have experienced a decline in our reciprocal compensation revenue. Reciprocal compensation represented 2% and 3% of revenue for the three months ended March 31, 2005 and 2004, respectively. The FCC indicated that it intends to commence further rulemaking proceeding on intercarrier compensation that we do not expect will result in an order until later in 2005. At this time, we cannot predict the outcome of that proceeding or its potential impact on our reciprocal compensation revenue, but we believe that a continuation of the downward trend is more likely than future increases.

Switched access represents the connection between a long distance carrier's point of presence and an end user's premises provided through our switching facilities. The FCC regulates interstate access rates and through regulations and regulatory developments, these rates have come down to parity with ILEC rates competing in each of our service areas. As a result, our switched access revenues have declined. The FCC is

TIME WARNER TELECOM INC.

considering further changes to the access rate regime that could result in a further reduction or elimination of access charges. Therefore, we expect that switched access revenue will continue to decline as percentage of revenue; however, we are unable to predict the extent of any such decline. Switched access revenue represented 3% and 4% of total revenue for the three months ended March 31, 2005 and 2004, respectively.

Regulatory uncertainty surrounds the appropriate intercarrier compensation rates applicable to Voice over IP, or VoIP, traffic that originates and terminates in different local service areas and whether it is subject to local access charges, which are significantly higher than the reciprocal compensation rates currently charged. The FCC is considering, but has not yet resolved, this issue in several pending proceedings. In the interim, carriers may hand off voice traffic to us or other carriers as IP traffic under the belief that IP traffic is subject to reciprocal compensation rather than higher switched access charges. These actions could reduce incrementally our access charge revenue and increase our risk with respect to traffic terminated over local trunks.

Pricing of Special Access Services

We provide special access services over our own fiber facilities in competition with ILECs, and we also purchase special access and other services from ILECs to extend the reach of our network. The ILECs have argued before the FCC that the broadband services that they sell, including special access services that we buy from them, should no longer be subject to regulation governing price and quality of service. If the FCC were to agree with the ILECs on this issue or if the transmission services we buy from the ILECs were to be otherwise deregulated, in whole or in part, the ILECs would have a greater ability to increase the price and reduce the service quality of special access services they sell to us. Significant price increases would put margin pressure on the services we provide to customers on an off-net basis.

Customer Disconnections and Pricing Trends

We continue to experience customer and service disconnects primarily associated with customer network optimization, cost cutting, business contractions, bankruptcies or other financial difficulties, or price competition from other providers. Disconnects in the first three months of 2005 resulted in the loss of $2.3 million of monthly revenue compared to $2.4 million in the first three months of 2004. While we expect that some customers will continue to disconnect services due to the aforementioned reasons, we cannot predict the total impact on revenue from these disconnects.

There has been increasing consolidation in the telecommunications industry in recent years, and if any of our customers are acquired, we may lose a portion of their business, which could be significant. We believe that revenue from a wireless carrier that was recently acquired may decrease significantly in 2005 as a result of the acquisition. This customer accounted for approximately 4% of our revenue for the three months ended March 31, 2005, some portion of which we may lose. The acquisition of MCI by Verizon Communications Inc., if completed, could result in MCI buying less local transport service from us in Verizon's service area. However, MCI's purchases from us in Verizon's service areas accounted for less than 1% of our revenue for the three months ended March 31, 2005. AT&T Corp.'s proposed merger with SBC Communications Inc., if consummated, could result in AT&T buying less local transport service from us in SBC's service area in the long term, although we do not expect that the merger will materially affect our revenue over the next several years. AT&T's purchases from us in SBC's service area accounted for approximately 4% of our revenue for the three months ended March 31, 2005.

Our revenue and margins may also be reduced as a result of price-cutting by other telecommunications service providers that may put downward pressure on our prices for existing services upon contract renewals. In particular, we believe that in some of the markets in which we operate, the ILECs are aggressively pricing their business services, which could adversely affect our future revenues and margins.

TIME WARNER TELECOM INC.

Other Expense Trends

To increase our operating margins, we have undertaken several costs reduction measures including network grooming and pricing optimization measures to reduce the overall access costs paid to carriers, enhancing back office support systems to improve operating efficiencies and stricter credit policies that have improved the quality of our customer base and lowered bad debt expenses. If our revenue declines in the future, we cannot predict whether continued cost management will be sufficient to maintain current operating margins.

We had no bad debt expense for 2003 and 2004 due to the recovery of expenses previously recorded from the MCI bankruptcy and other settlements. Excluding the impact of the settlements of $15.1 million in 2003 and $2.3 million in 2004, bad debt expense decreased to 2% of revenue for 2003, and less than 1% of revenue for 2004 and the three months ended March 31, 2005, due to successful collection efforts and a reduction in receivable write-offs related to customer bankruptcies. The improved collections experienced in 2003, 2004, and the first three months of 2005 were the results of added controls, including more stringent credit reviews on new and existing customers, collecting deposits on higher risk accounts, and more aggressive collection efforts. Although we have experienced a continued improvement in bad debt expense, there is no assurance this trend will continue.

Related Party Expense

We benefit from our relationship with Time Warner Cable, an affiliate of one of our Class B Stockholders, both through access to local rights-of-way and construction cost sharing. We have similar arrangements with Bright House, which is also an affiliate of a Class B Stockholder. We have constructed 23 of our 44 metropolitan networks substantially through the use of fiber capacity licensed from these affiliates. As of March 31, 2005, our property, plant, and equipment included $188.9 million in payments for licenses of fiber capacity pursuant to the capacity license agreements. We pay the license fee at the time the network is constructed and capitalize the cost of fiber under the license agreements to property, plant, and equipment. These costs are amortized over the useful life as depreciation and amortization expense. We pay Time Warner Cable and Bright House negotiated fees for facility maintenance and reimburse them for our allocable share of pole rental costs on an ongoing basis. These maintenance and pole rental costs are included in our operating expenses. We believe that certain regulatory decisions regarding the pole rental rates that are passed through to us under the capacity license agreements pose a risk that our expense for these items could increase over time. Our selling, general, and administrative expenses include charges from affiliates of our Class B Stockholders for office rent, utilities, and other administrative costs. The terms of these transactions have been negotiated on a basis that we believe result in reasonable arm's- length terms. We also benefit from discounts available to Time Warner Inc. and its affiliates by aggregating our purchases of long distance services, car rental services, overnight delivery services, and wireless usage with those of Time Warner Inc. Related party expense is disclosed in Note 2 to "Statements of Operations Data" in Results of Operations below.

TIME WARNER TELECOM INC.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect reported amounts and related disclosures. We consider an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material impact on our consolidated results of operations or financial condition.

Impairment of Long-lived Assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining the extent of an impairment, if any, requires an assessment of risk associated with our ability to generate sufficient future cash flows from these assets. If we determine that the carrying value of an asset exceeds the future cash flows expected to be generated by that particular asset, we must recognize a charge to write down the value of the asset to its fair value.

Estimates are used to determine whether sufficient cash flows will be generated to recover the carrying amount of our investments in long term assets. The estimates are made for each of the 44 markets and our western long haul network. Expected future cash flows are based on historic experience and management's expectations of future performance. The assumptions used represent our best estimates of market growth rates, future pricing, market acceptance of our products and services and the future capital investments necessary. No significant changes have been made to our estimates since December 31, 2004.

Regulatory and Other Contingencies

We are subject to significant government regulation, some of which is in a state of flux due to challenges of existing rules. Such regulation is subject to different interpretations and inconsistent application, and has historically given rise to disputes with other carriers and municipalities regarding the classification of traffic, rights-of-way, rates and minutes of use.

Management estimates and reserves for the risk associated with regulatory and other carrier contingencies. These estimates are based on assumptions and other considerations including studies of traffic patterns, expectations regarding regulatory rulings, historic experience and ongoing negotiations. No significant changes have been made to our estimates since December 31, 2004.

Deferred Tax Accounting

We have a history of net operating losses (NOLs) for tax purposes. As a result, our balance sheet reflects a net deferred tax asset that represents the tax benefit of NOLs and timing differences between book and tax recognition of certain revenue and expense items, net of a valuation allowance. When it is more likely than not that all or some portion of deferred tax assets may not be realized, we are required to establish a valuation allowance for the amount that may not be realized. At March 31, 2005, our net deferred tax asset after a valuation allowance of $247 million was $58.8 million.

We have concluded that it is more likely than not that the net deferred tax asset will be realized through the utilization of tax-planning strategies including the sale and leaseback of certain of our high-value, low-basis assets to generate gains to which the NOLs can be applied. We base our analysis on discounted expected future cash flows and our expectations regarding the size of transaction that would be allowable under financing agreements that may be in place at the time we implement strategies to utilize the benefit of the NOLs. The assumptions represent our best estimates including market growth rates, future pricing, market

TIME WARNER TELECOM INC.

acceptance of our products and services, future expected capital investments and discount rates. No significant changes have been made to our estimates since December 31, 2004.

Revenue and Receivables

Our services are complex and our tariffs and contracts may be correspondingly complex and subject to interpretations causing disputes over billing. In addition, changes in and interpretations of regulatory rulings create uncertainty and may cause disputes over minutes of use, rates or other provisions of our service. As such, we defer recognition of revenue until cash is collected on certain of our components of revenue, including reciprocal compensation and contract termination charges. We also reserve for customer billing disputes until they are resolved even if the customer has already paid the disputed amount.

We estimate the ability to collect our receivables by performing ongoing credit evaluations of our customers' financial condition, and provide an allowance for doubtful accounts based on expected collection of our receivables. Our estimates are based on assumptions and other considerations, including payment history, credit ratings, customer financial performance, industry financial performance and aging analysis. No significant changes have been made to our estimates since December 31, 2004.

Other Estimates

In addition, there are other accounting estimates reflected in our consolidated financial statements, including reserves for certain losses, compensation accruals, unpaid claims for medical and other self-insured plans and property and other tax exposures that require judgment but are not deemed critical in nature.

We believe the current assumptions and other considerations used to estimate amounts reflected in the consolidated financial statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in the consolidated financial statements, the resulting changes could have a material adverse effect on our consolidated results of operations and, in certain situations, on our financial condition.

TIME WARNER TELECOM INC.

Results of Operations

The following table sets forth certain data from our unaudited consolidated and condensed financial statements presented in thousands of dollars and expressed as a percentage of total revenue. You should read this table together with our consolidated and condensed financial statements, including the notes thereto, appearing elsewhere in this report:

	Three Months Ended March 31,			
	2005		2004	
	(amounts in thousands, except per share amounts)			
Statements of Operations Data:				
Revenue (1):				
Dedicated transport	$ 85,648	50%	$ 84,160	52%
Switched services	40,450	24	38,113	23
Data and Internet services	36,696	21	28,424	18
Intercarrier compensation	8,780	5	10,952	7
Total revenue	171,574	100	161,649	100
Costs and expenses (2):				
Operating (exclusive of depreciation, amortization, and accretion shown separately below)	66,807	39	64,317	40
Selling, general, and administrative	44,779	26	45,312	28
Depreciation, amortization, and accretion	58,006	34	56,813	35
Total costs and expenses	169,592	99	166,442	103
Operating income (loss)	1,982	1	(4,793)	(3)
Interest expense	(39,797)	(23)	(35,822)	(22)
Interest income	2,721	2	1,319	1
Investment gain, net	—	—	690	—
Loss before income taxes	(35,094)	(20)	(38,606)	(24)
Income tax expense	75	—	225	—
Net loss	$ (35,169)	(20)%	$ (38,831)	(24)%
Basic and diluted loss per share	$ (0.30)		$ (0.34)	
Weighted average shares outstanding, basic and diluted	115,871		115,515	
Modified EBITDA (3)(4)	$ 59,988	35%(5)	$ 52,020	32%(5)
Net cash used in operating activities	(13,273)		(7,958)	
Net cash (used in) provided by investing activities	140,802		(45,569)	
Net cash provided by (used in) provided by financing activities	(9,363)		31,084	

(1) Includes revenue resulting from transactions with affiliates of $4.3 million and $5.6 million for the three months ended March 31, 2005 and 2004, respectively.

(2) Includes expenses resulting from transactions with affiliates of $2.3 million and $1.6 million for the three months ended March 31, 2005 and 2004, respectively.

TIME WARNER TELECOM INC.

(3) "Modified EBITDA" is defined as net income or loss before depreciation, amortization, accretion, asset impairment charge, interest expense, interest income, investment gains and losses, income tax expense, and cumulative effect of change in accounting principle. Modified EBITDA is not intended to replace operating income (loss), net income (loss), cash flow and other measures of financial performance reported in accordance with generally accepted accounting principles in the United States. Rather, Modified EBITDA is a measure of operating performance and liquidity that investors may consider in addition to such measures. Our management believes that Modified EBITDA is a standard measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors, and other interested parties in the telecommunications industry because it eliminates many differences in financial capitalization, and tax structures, as well as non-cash and non-operating charges to earnings. Modified EBITDA is used internally by our management to assess on-going operations and is a measure used to test compliance with certain covenants of our series of senior notes and our Senior Secured Revolving Credit Facility. The definition of EBITDA under our Senior Secured Revolving Credit Facility, and our series of senior notes differs from the definition of Modified EBITDA used in this table because the Senior Secured Revolving Credit Facility definition also eliminates certain non-cash losses within certain limits and certain extraordinary gains. Modified EBITDA as used in this document may not be comparable to similarly titled measures reported by other companies due to differences in accounting policies.

(4) The reconciliation between net loss and Modified EBITDA is as follows:

	Three Months Ended March	
	2005	2004
	(amounts in thousands)	
Net loss	$ (35,169)	(38,831)
Income tax expense	75	225
Investment gain, net	—	(690)
Interest income	(2,721)	(1,319)
Interest expense	39,797	35,822
Depreciation, amortization, and accretion	58,006	56,813
Modified EBITDA	$ 59,988	52,020

(5) Modified EBITDA margin represents Modified EBITDA as a percentage of revenue.

TIME WARNER TELECOM INC.

Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

Revenue. Total revenue increased $10.0 million, or 6%, to $171.6 million for the three months ended March 31, 2005, from $161.6 million for the comparable period in 2004. Revenue by product line for the first three months of 2005 compared to the same period of 2004 included a 2%, or $1.5 million, increase in transport revenue due to increased sales to several large carrier customers. Switched service revenue increased 6%, or $2.3 million, due to customer growth. Data and Internet revenue increased 29%, or $8.3 million, as we continue to grow our enterprise customer base and our Ethernet and IP product sales. Inter-carrier compensation decreased 20%, or $2.2 million, due to mandated and contractual rate reductions and fewer minutes of use due to the loss of certain ISP customers.

Operating Expenses. Our operating expenses consist of costs directly related to the operation and maintenance of our networks and the provision of our services. These costs include the salaries and related expenses of operations and engineering personnel, as well as access costs paid to carriers for facility leases and interconnection. We carry a significant portion of our traffic on our own fiber infrastructure, which enhances our ability to control our costs. Operating expenses increased $2.5 million, or 4%, to $66.8 million for the three months ended March 31, 2005 as compared to the same period last year. The increase is primarily due to higher maintenance and personnel costs. Operating expenses were 39% of revenue for the three months ended March 31, 2005 as compared to 40% of revenue for the same period in 2004.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses include costs related to sales and marketing, information technology, billing, regulatory, accounting, finance, and legal functions. Selling, general, and administrative expenses decreased $0.5 million, or 1%, to $44.8 million for the three months ended March 31, 2005, from $45.3 million for the comparable period in 2004. Selling, general, and administrative expenses were 26% and 28% of revenue for the three months ended March 31, 2005 and 2004, respectively. The decrease in selling, general, and administrative expenses primarily resulted from favorable settlements related to transactional tax audits and a decrease in bad debt expense due to the improvement in the collection of receivables. Bad debt expense represented less than 1% of revenue for the three months ended March 31, 2005 and 2004. These decreases were somewhat offset by an increase in property tax expense and increased personnel costs, arising from an increase in commission expense due to an increase in sales as compared to the same period last year.

Depreciation, Amortization, and Accretion Expense. Depreciation, amortization, and accretion increased $1.2 million, to $58.0 million for the three months ended March 31, 2005, from $56.8 million for the comparable period in 2004. The increase is related to the additions to property, plant and equipment during 2004 and 2005 partially offset by the retirement of assets in 2004.

Interest Expense. Interest expense increased $4.0 million to $39.8 million for the three months ended March 31, 2005, from $35.8 million for the comparable period in 2004. The increase in interest expense is primarily due to higher average interest rates and debt balances. This was somewhat offset by a slightly lower write-off of deferred loan costs and other fees that were expensed related to the early redemption of the 9¾% Senior Notes in March 2005 as compared to the write-off of deferred loan costs and other fees that were expensed related to the credit facility that was repaid and terminated in February 2004.

Interest Income. Interest income increased $1.4 million to $2.7 million for the three months ended March 31, 2005, from $1.3 million for the comparable period in 2004. The increase is due to higher effective interest rates earned and higher average daily cash and investment balances.

Net Loss and Modified EBITDA. Net loss decreased $3.7 million to a loss of $35.2 million for the three months ended March 31, 2005, from a net loss of $38.8 million for the comparable period in 2004. The change primarily resulted from increased Modified EBITDA, as described below, offset by higher interest expense and depreciation, amortization and accretion, as described above.

TIME WARNER TELECOM INC.

Modified EBITDA is calculated by excluding the impacts of depreciation, amortization, accretion, interest expense, interest income, investment gains, income tax expense and cumulative effect of change in accounting principle from net loss. We believe that Modified EBITDA trends are a valuable indicator of whether our operations are able to produce sufficient operating cash flow to fund working capital needs, to service debt obligations, and to fund capital expenditures. We currently use the results depicted by Modified EBITDA for these purposes. Modified EBITDA increased $8.0 million to $60.0 million for the three months ended March 31, 2005, from $52.0 million for the comparable period in 2004. Modified EBITDA margin was 35% for the three months ended March 31, 2005 as compared to 32% for the same period last year. The improvement resulted from increased revenues and lower selling, general and administrative expenses partially offset by higher operating expenses. Although we expect to continue to generate positive Modified EBITDA in the future as we expand our business in existing markets, there is no assurance that we will sustain the current level of Modified EBITDA or have sufficient operating cash flow to meet our working capital requirements, fund capital expenditures and service our indebtedness.

Liquidity and Capital Resources

Historically, we have generated cash flow from operations consisting primarily of payments received from customers for the provision of business communications services offset by payments to other telecommunications carriers, payments to employees, and payments for other operating, selling, general, and administrative costs. We have also generated cash from debt and equity financing activities and have used funds to service our debt obligations, fund acquisitions, and make capital expenditures to expand our networks.

Operations. Cash used in operating activities was $13.3 million for the three months ended March 31, 2005 compared to cash used in operating activities of $8.0 million for the same period in 2004. The increase in cash used primarily related to a decrease in accounts payable, accrued interest, and other current liabilities, partially off set by higher Modified EBITDA.

Investing. Cash provided by investing activities was $140.8 million for the three months ended March 31, 2005 compared to cash used in investing activities of $45.6 million for the same period in 2004. The increase primarily relates to net proceeds from maturities of investments. Our total investments decreased $177.5 million from December 31, 2004 to $125.0 million as of March 31, 2005. Capital expenditures in the first quarter of 2005 were $39.3 million, the majority of which was to expand our networks and to reach new customer buildings, *compared to $31.5 million in total capital* expenditures in the first quarter of 2004.

Financing. Cash used in financing activities was $9.4 million for the three months ended March 31, 2005 and was primarily related to net cash required to redeem $200 million of 9 3/4% Senior Notes due 2008 and to issue an additional $200 million of 9 ¼% Senior Notes due 2014, as described more fully below.

On February 20, 2004, our wholly owned subsidiary, Time Warner Telecom Holdings Inc. ("Holdings") issued $440 million in Senior Notes, repaid the outstanding indebtedness of $396 million under Holdings' Senior Secured Credit Facility, and executed a new $150 million Senior Secured Revolving Credit Facility (the "Revolver"), which is currently undrawn, to replace an existing senior secured credit facility. On February 9, 2005, Holdings issued an additional $200 million in 9 1/4% Senior Notes due February 15, 2014, and received net proceeds of $197 million. Significant terms and components of our February 2004 and 2005 financings are detailed below:

- The $240 million principal amount of Second Priority Senior Secured Floating Rate Notes due February 15, 2011 (the "2011 Notes") are secured obligations, on a second lien basis, of Holdings. The 2011 Notes are guaranteed by us and most of our and Holdings' subsidiaries and the amount of guarantee attributable to any one subsidiary is subject to a maximum which is equivalent to 20% of the outstanding principal balance of the 2011 Notes. Interest is computed based on a specified LIBOR rate plus 4.0% and will be reset and payable quarterly. Based on the LIBOR rate in effect as of March 31, 2005, the rate was 6.79% and aggregate annual interest payments would be approximately $16.3 million.

TIME WARNER TELECOM INC.

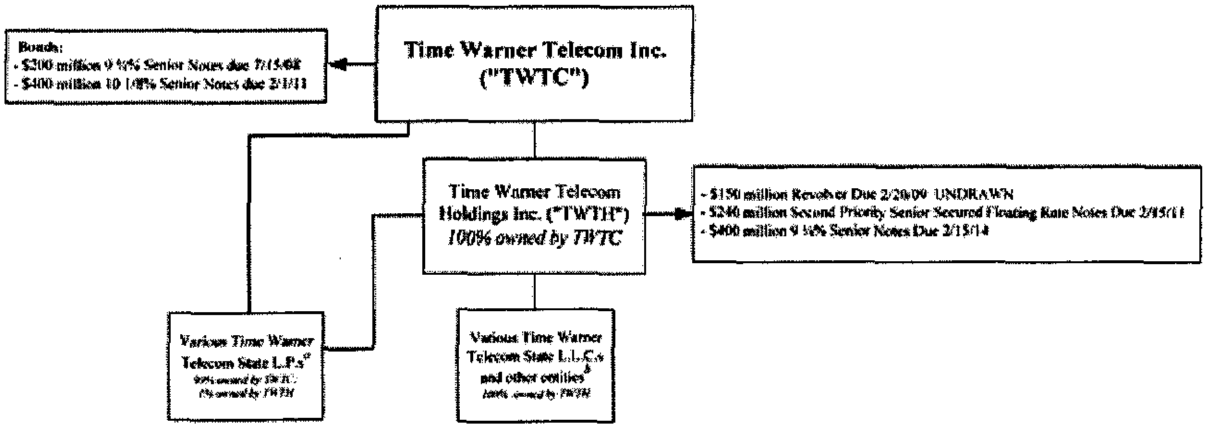
- The $200 million principal amount of 9¼% Senior Notes due February 15, 2014 (the "2014 Notes") are unsecured, unsubordinated obligations of Holdings. The 2014 Notes are subject to similar guarantees as the 2011 Notes, except that the guarantees are unsecured. On February 9, 2005, Holdings issued an additional $200 million in 2014 Notes. Interest is payable semiannually on February 15 and August 15. Aggregate annual interest payments on the 9¼% Senior Notes are approximately $37 million.
- The $150 million Revolver is fully available on a revolving basis and expires on February 20, 2009, or at April 14, 2008 if the 9¾% Senior Notes remain outstanding on that date. Holdings is the borrower under the facility and we and our subsidiaries and Holdings' subsidiaries are guarantors. Interest is calculated based on a specified Euro dollar rate plus 2¼% to 3%. If the facility were drawn, certain restrictive financial covenants would apply. We are required to pay commitment fees on a quarterly basis of 0.5% per annum on the undrawn available commitment of the Revolver.
- The $400 million principal amount of 9¾% Senior Notes that we issued in July 1998 are unsecured, unsubordinated obligations. On March 11, 2005, we redeemed $200 million of the 9¾% Senior Notes. Interest on the remaining 9¾% Senior Notes is payable semiannually on January 15 and July 15. Aggregate annual interest payments on the remaining 9¾% Senior Notes are approximately $20 million. The remaining 9¾% Senior Notes are due on July 15, 2008.
- The $400 million principal amount of 10 1/8% Senior Notes that we issued in the first quarter of 2001 are unsecured, unsubordinated obligations. Interest on the 10 1/8% Senior Notes is payable semiannually on February 1 and August 1. Aggregate annual interest payments on the 10 1/8% Senior Notes are approximately $41 million. The 10 1/8% Senior Notes are due on February 1, 2011.

Our series of Senior Notes are governed by indentures that contain certain restrictive covenants. These restrictions affect, and in many respects significantly limit or prohibit, among other things, our ability to incur indebtedness, make prepayments of certain indebtedness, pay cash dividends, make investments, engage in transactions with shareholders and affiliates, issue capital stock of subsidiaries, create liens, sell assets, and engage in mergers and consolidations. We were in compliance with these covenants at March 31, 2005.

In order to reduce future cash interest payments, as well as future amounts due at maturity or mandatory redemption, we or our affiliates may, from time to time, purchase our outstanding four series of Senior Notes for cash or equity securities in open market or privately negotiated transactions or engage in other transactions to reduce the amount of outstanding Senior Notes. We will evaluate any such transactions in light of market conditions, taking into account our liquidity and prospects for future access to capital, and contractual constraints.

TIME WARNER TELECOM INC.

The following diagram summarizes our corporate structure in relation to the outstanding indebtedness and credit facility as of March 31, 2005. The diagram does not depict all aspects of ownership structure among the operating and holding entities, but rather summarizes the significant elements relative to our debt in order to provide you a basic overview.



a The interests of TWTH and TWTC in these partnerships are pledged to secure the Revolver and, subject to certain exceptions, the Second Priority Senior Secured Floating Rate Notes.

b The assets and limited liability company interests of these subsidiaries are pledged to secure the Revolver and, subject to certain exceptions, the Second Priority Senior Secured Floating Rate Notes.

In 2005, we expect that cash from operations, along with cash, cash equivalents and investments will provide sufficient funds to meet our expected capital expenditures and liquidity needs to operate our business and service our current debt. Based on current assumptions, we expect to generate sufficient cash from operations along with available cash on hand, including cash equivalents, investments, and borrowing capacity under our Revolver to provide sufficient funds to meet our expected capital expenditures and liquidity needs to operate our business and service our debt for the foreseeable future. If our assumptions prove incorrect or if there are other factors that negatively affect our cash position such as material unanticipated losses, a significant reduction in demand for our services or an acceleration of customer disconnects or other risk factors, we may need to seek additional sources of funds through financing or other means. We generally do not make long term commitments for capital expenditures and have the ability to adjust our capital expenditures if our cash from operations is lower than anticipated.

Our ability to draw upon the available commitments under our Revolver is subject to compliance with all of the financial and other covenants contained in the credit agreement and our continued ability to make certain representations and warranties. Financial covenants, including leverage and interest coverage ratios and limitations on capital expenditures, are primarily derived from EBITDA and debt levels. We are required to comply with these ratios as a condition to any borrowing under the Revolver and for as long as any loans are outstanding. The representations and warranties include the absence of liens on our properties other than certain permitted liens, the absence of litigation or other developments that have or could reasonably be expected to have a material adverse effect on us and our subsidiaries as a whole, and continued effectiveness of the documents granting security for the loans. Although we presently meet all of the conditions for making draws under the Revolver, factors beyond our control could cause us to fail to meet these conditions in the future.

A lack of revenue growth or an inability to control costs could negatively impact EBITDA and cause our failure to meet the required minimum ratios. Although we currently believe that we will continue to be in compliance with the covenants, factors outside our control, including further deterioration of the economy, increased competition and loss of revenue from consolidation of large telecommunications companies, an acceleration of customer disconnects, a significant reduction in demand for our services without adequate reductions in capital expenditures and operating expenses, or an uninsured catastrophic loss of physical assets or other risk factors could cause us to fail to meet our covenants. If our revenue growth is not sufficient to

TIME WARNER TELECOM INC.

sustain the EBITDA performance required to meet the debt covenants described above, and we have loans outstanding under the Revolver or wish to draw on it, we would have to consider cost cutting measures to maintain required EBITDA levels or to enhance liquidity.

The Revolver limits our ability to declare cash dividends, incur indebtedness, incur liens on property, and undertake mergers. The Revolver also includes cross default provisions under which we are deemed to be in default under that facility if we default under any of the other material outstanding obligations, such as our four series of Senior Notes. In addition, the lenders may declare a default if a change of voting control occurs as defined in the Revolver agreement. If we do not meet these covenants, we would not be able to draw funds under the Revolver or the lenders could cancel the Revolver unless the lenders agree to further modify the covenants and we could potentially be subject to an acceleration of the repayment date if we have borrowed under the facility. Although we believe our relationships with our lenders are good, there is no assurance that we would be able to obtain the necessary modifications on acceptable terms. If our plans or assumptions change or prove to be inaccurate, or the foregoing sources of funds prove to be insufficient to fund our growth and operations, or if we consummate acquisitions or joint ventures, we would be required to seek additional capital. Additional sources of financing may include public or private debt, equity financing by us or our subsidiaries, or other financing arrangements. There is no assurance that we would be able to obtain additional financing on terms acceptable to us or at all. Our revenue and costs are partially dependent upon factors that are outside our control, such as general economic conditions, regulatory changes, adverse changes in customers' financial condition, changes in technology, and increased competition. Due to the uncertainty of these and other factors, actual revenue and costs may vary from expected amounts, possibly to a material degree, and these variations would likely affect the level of our future capital expenditures and expansion plans. Our Class B Stockholders are under no obligation to make any additional investments in us or to provide guarantees for debt financing by banks or other financing sources and we expect that they would be unwilling to do so.

Commitments. Our long-term commitments have not materially changed from those disclosed in our filing on Form 10-K for the year ended December 31, 2004.

Effects of Inflation

Historically, inflation has not had a material effect on us.

TIME WARNER TELECOM INC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our interest income is sensitive to changes in the general level of interest rates. In this regard, changes in interest rates can affect the interest earned on our cash equivalents, marketable debt securities and other investments. To mitigate the impact of fluctuations in interest rates, we generally enter into fixed rate investing arrangements.

The following table provides information at March 31, 2005 about our investments that are sensitive to changes in interest rates. For these securities, the table presents related weighted-average annualized interest rates expected by the maturity dates.

		Expected Maturity Date 2005
		(amounts in thousands)
Assets		
Marketable debt securities:		
Shares of money market mutual funds	$	15,622
Weighted average interest rate		2.5%
Commercial paper, corporate and municipal debt securities	$	360,068
Weighted average interest rate		2.5%

At March 31, 2005, the fair values of our fixed rate 9¾% Senior Notes due 2008, our fixed rate 10 ⅛% Senior Notes due 2011, our Second Priority Senior Secured Floating Rate Notes due 2011, and our fixed rate 9¼% Senior Notes due 2014 were approximately $198 million, $389 million, $244 million, and $389 million, respectively, as compared to a carrying values of $200 million, $400 million, $240 million, and $400 million, respectively, each on the same date. These notes have not been listed on any securities exchange or inter-dealer automated quotation system, and the estimated market value is based on indicative pricing published by investment banks. While we believe these approximations to be reasonably accurate at the time published, indicative pricing can vary widely depending on volume traded by any given investment bank.

Based on the $240 million outstanding balance as of March 31, 2005 of our floating rate debt, a one-percent change in the applicable LIBOR rate would change the amount of annual interest paid by $2.4 million. Our interest rates are not linked to changes in ratings of us by public rating agencies.

Item 4. Controls and Procedures

As of March 31, 2005, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2005. There were no significant changes in our internal controls over financial reporting that occurred during the three months ended March 31, 2005 that has materially affected, or is likely to materially affect, our internal control over financial reporting.

TIME WARNER TELECOM INC.

Part II

Other Information

Item 1. Legal Proceedings

We have no material legal proceedings pending.

Item 6. Exhibits.

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report and the Exhibit Index is incorporated herein by reference.

TIME WARNER TELECOM INC.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TIME WARNER TELECOM INC.

Date: May 10, 2005

By: /s/ Jill R. Stuart
Jill R. Stuart
Sr. Vice President, Accounting and Finance
and Chief Accounting Officer

TIME WARNER TELECOM INC.

EXHIBIT INDEX

Exhibit Number		Description of Exhibit
4.1	–	Registration Rights Agreement dated February 9, 2005 among Time Warner Telecom Holdings Inc., Lehman Brothers Inc., Morgan Stanley & Co. Incorporated and Wachovia Capital Markets, LLC. (Filed as Exhibit 4.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.)*
10.1	–	Purchase Agreement dated February 3, 2005 among Time Warner Telecom Holdings Inc., Morgan Stanley & Co. Incorporated, Lehman Brothers Inc. and Wachovia Capital Markets, LLC. (Filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
31.1	–	Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	–	Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulations S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	–	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	–	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference

EXHIBIT 2

Reply Comments of Verizon

WC Docket No. 05-25

July 29, 2005

Lew Reply Declaration Exhibit 2